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*State Budget and Control Board*  
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EXECUTIVE DIRECTOR

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August 15, 2006

Ms. Margaret A. Woodson, Director  
Office of Small and Minority Business Assistance  
1205 Pendleton Street, Edgar Brown Building  
Columbia, South Carolina 29201

Dear Margaret:

Section 11-35-5240 requires each agency director to develop a Minority Business Enterprise (MBE) Utilization Plan. Such plans must include a goal for spending with MBEs, certified by the Office of Small and Minority Business Assistance (OSMBA), that is a certain percentage of each governmental body's total dollar amount of funds expended.

Under a 2006 amendment to the Consolidated Procurement Code, Section 11-35-5240(3) provides that the Executive Director of the Budget & Control Board shall establish a definition for the phrase "total dollar amount of funds expended", which will define the funds that this percentage will be applied against in developing each agency's goal for spending with minority vendors.

The General Assembly expresses the following intent regarding minority vendors (11-35-5210):

The South Carolina General Assembly declares that business firms owned and operated by minority persons have been historically restricted from full participation in our free enterprise system to a degree disproportionate to other businesses. The General Assembly believes that it is in the state's best interest to assist minority-owned businesses to develop fully as a part of the state's policies and programs which are designed to promote balanced economic and community growth throughout the State. The General Assembly, therefore, wishes to ensure that those businesses owned and operated by minorities are afforded the opportunity to fully participate in the overall procurement process of the State. The General Assembly, therefore, takes this leadership role in setting procedures that will result in awarding contracts and subcontracts to minority business firms in order to enhance minority capital ownership, overall state economic development and reduce dependency on the part of minorities.

From discussion with the various participating entities, it is clear that a useful definition of the term "total dollar amount of funds expended" needs to be general in nature but specific in intent, to allow each entity to evaluate its' unique purchasing opportunities. Based on this conclusion, for purposes of Section 11-35-5240(3), the definition is:

**The total dollar amount estimated to be expended by an agency or entity during FY06-07 where the agency or entity has discretion in the selection of the private vendor.**

Attached is an issue commentary and a list of expenditure object codes, developed over the course of study for the definition, that may serve as a guide to assist agencies in discreetly evaluating available funding to derive a figure. With this flexibility, of course, comes the expectation that each entity will document the basis for its calculation.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank W. Fusco". The signature is fluid and cursive, with the first name "Frank" being more prominent.

Frank W. Fusco

Attachment - Commentary and discussion of issues related to "Total Dollar Amount of Funds Expended"

Cc: Delbert H. Singleton, Jr.  
Voight Shealy  
Mike Spicer